

Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
Centers For Medicare & Medicaid
Services (CMS)

Transmittal A-01-119

Date: SEPTEMBER 26, 2001

CHANGE REQUEST 1878

**SUBJECT: Correction to Program Memorandum (PM) A-01-94 (CR 1689):
Implementation of Fee Schedule for Additional Part B Services Furnished by
a Skilled Nursing Facility (SNF) or Another Entity Under Arrangements with
the SNF**

Program Memoranda (PM) A-00-88 and A-01-45 contained initial information about fee schedule payment for SNF Part B services. PM A-01-94 provided additional information and instructions about implementation of the fee schedule for radiology services, other diagnostic services, and other services for which fees exist on the Medicare Physician Fee Schedule Database (MPFSDB) for implementation January 1, 2002. This PM reprints PM A-01-94 in its entirety, correcting the effective date and clarifying the files to be pulled down from the CMS mainframe.

A. Fee Schedule Payment for Part B Services

1. April 1, 2001 Changes: Effective April 1, 2001, fee schedule payment was implemented for bill types 22x and 23x for the following services:

- Clinical Diagnostic Laboratory Services, for which 23x was paid on the fee schedule, and 22x was paid on a cost basis;
- DMEPOS (prosthetic and orthotic devices, supplies, surgical dressings, etc), which have historically been paid on cost to the limited extent these services/items were payable in a SNF; and
- Therapy services, which have been paid on a fee schedule basis, using the MPFSDB since 01/01/1999.

2. January 1, 2002 Changes: Effective for services furnished on and after January 1, 2002, radiology, other diagnostic, and other services included in the MPFSDB will be paid under a fee schedule when rendered to patients of a SNF. Payment is the lower of billed charges or the fee schedule amount. In either case, any applicable deductible and coinsurance amounts are subtracted from the payment amount prior to payment. Coinsurance is calculated on the Medicare payment amount after the subtraction of any applicable deductible amount.

A zipped file containing a complete list of CY 2001 HCPCS codes identifying which SNF services are paid via fee schedule and which are not, was attached to the electronic copy of PM A-01-94 as Attachment B.

B. Services Not Paid Through a Fee Schedule

Fee schedules have not yet been developed/implemented for the services listed below. Payment is not made via fee schedule for the following services:

- Some medical supplies;
- Dialysis supplies and equipment;
- Therapeutic shoes;
- Blood products;
- Transfusion medicine;

CMS Pub. 60A

- Drugs; and
- Ambulance.

NOTE: The ambulance fee schedule is currently scheduled for implementation January 1, 2002.

C. Intermediary Actions for Implementation of SNF Fee Schedule Payment

1. Identification of HCPCS Codes for SNF Services Paid Via Fee Schedule: Fiscal intermediaries (FIs) should use the **files attached to PM A-01-94** to determine which HCPCS codes are payable to SNFs under a fee schedule. When you unzip the files, you will find the following Excel 97 file:

File "snf_fee.xls" contains a worksheet. The worksheet includes the HCPCS level 1 (CPT) and level 2 codes that SNFs may bill under Types of Bill (TOBs) 22X or 23X if the SNF provides or arranges for the service. It also includes an indicator of whether payment for billable codes is by fee schedule or by other methods.

A "readme.doc" file is also included in the zipped file explaining the data in the file. The codes in the Excel file include the updated codes issued through June 30, 2001. The file does not include the fee amounts.

FI standard system maintainers are to use this file to define the appropriate payment mechanism for each code a SNF may bill, and in developing edits to reject any claims from SNFs for which SNFs can not be paid.

2. Add Fees to System:

- Obtain fees for clinical diagnostic laboratory services, therapies, and DMEPOS items identified as payable in the Excel file from the current laboratory, DMEPOS, or therapy fee schedules.
- Review the "SNFs can bill worksheets" to assure that your SS has fees loaded for services that your SNFs bill for which fee schedules exist.

NOTE: These are not new functions since FIs are already administering these fee schedules. The change is that FIs will now apply the fee schedules to both 22x and 23x TOBs.

- Intermediaries are to download fees for radiology services, other diagnostic services, and other services paid on the MPFSDB from the **SNF extract file that will be placed on the CMS mainframe on or about November 14, 2001 for CY 2002**. This file is called the "SNF Extract from the MPFSDB" because at this time it is only to be used to pay Part B bills from SNFs. The SS maintainers should allow for future expansion to other TOBs. The record layout for this file is shown below.

TABLE 1: RECORD LAYOUT FOR SNF EXTRACT FROM THE MPFSDB FEE SCHEDULE FOR RADIOLOGY SERVICES, OTHER DIAGNOSTIC SERVICES, AND OTHER SERVICES PRICED ON THE MPFS

DATA SET NAME:

MU00.@BF12390.MFS.CY02.SNF.V1114.FI

RECORD LENGTH: 60 RECORD FORMAT: FB

BLOCK SIZE: 6000

CHARACTER CODE: EBCDIC

SORT SEQUENCE: Carrier, Locality HCPCS Code, Modifier

Data Element	Location	Picture	Value
1--HCPCS	1-5	X(05)	
2--Modifier	6-7	X(02)	
3--Filler	8-9	X(02)	
4--Non-Facility Fee	10-16	9(05)V99	
5--Filler	17-17	X(01)	
6--PCTC Indicator	18-18	X(01)	0 =Physician Service Codes 1 =Diagnostic Tests for Radiology Services 2 =Professional Component Only Codes 3 =Technical Component Only Codes 4 =Global Test Only Codes 5 =Incident To Codes 6 =Laboratory Physician Interpretation Codes 7 =Physical Therapy Service, for which payment may not be made 8 =Physician Interpretation Codes 9 =Not Applicable
7--Filler	19-23	X(05)	
8--Filler	24-30	X(07)	
9--Carrier Number	31-35	X(05)	
10--Locality	36-37	X(02)	Identical to other Physician Fee Schedule Abstract Files (i.e., Therapy/Hospice)
11--Filler	38-40	X(03)	
12--Filler	41-41	X(01)	
13--Filler	42-42	X(01)	
14--Filler	43-60	X(18)	

Note that the SNF fee schedule amount is based on the "non-facility rate" which is the fee that physicians may receive if performing the service in the physician's office. The data set name to use to pull down the **test file** is: **MU10.@BF12390.MFS2001.SNF.V0415.FI.TEST**. We encourage standard system maintainers to test with this file as soon as possible.

3. Add Edits for HCPCS Codes: In PM A-98-18, dated April 1998, intermediaries were told to instruct SNFs to begin reporting HCPCS codes for bill types 22X and 23X effective January 1, 1999. SNFs are to bill all Part B services with a HCPCS code if one exists. Intermediaries are now instructed to edit to assure that HCPCS codes are reported with the revenue codes identified in **PM A-01-94**, Attachment A. As HCPCS codes are developed for more services, we will expand the list of revenue codes to be edited.

For bill types 22X and 23X, return to the provider as incomplete, any claims with the revenue codes in Attachment A if not billed with a HCPCS code. Denial appeal rights are not applicable, and the provider may not charge the beneficiary for services reported incorrectly. The provider may correct and resubmit the claim with appropriate HCPCS coding and a new filing date.

4. Assign MSN and Remittance Codes: Bill type 22X and 23X claims filed using HCPCS codes that are not on the attached worksheets must be denied indicating "SNFs may not bill."

Use MSN Message 17.11: "This item or service cannot be paid as billed."

For remittance advice, use claim adjustment reason code 'B6': "This *payment is adjusted* when performed/*billed* by this type of provider, by this type of provider in this type of facility, or by a provider of this specialty" as revised February 2001(changes in Italics).

Appeal rights are not applicable, as services billed by the wrong provider type are not covered for Medicare.

Group code 'CO' (Contractual Obligation) is appropriate.

For remittance remark line level code use code N95' - This provider type may not bill this service.

5. Make Payment to SNFs Using Fee Schedule Rules: Fee schedule payment is applicable to SNF bills for radiology, other diagnostic, and other services priced on the MPFSDB with 'from' dates of service equal to or later than January 1, 2002.

- Establish the approved amount as the lower of billed charges for the HCPCS code or the fee schedule amount.
- Calculate deductible and coinsurance for fee schedule payments based on the approved amount (not billed charges). Continue to calculate deductible and coinsurance for SNF services paid based on reasonable cost using billed charges. Deductible and coinsurance have not and do not apply to:
 - Clinical diagnostic lab services; or
 - Pneumococcal pneumonia vaccine (PPV), influenza virus vaccines, or the administration of either.
 - For mammography screening services the deductible is waived, but coinsurance does apply and should be calculated based on the payment amount.
 - Fee schedule amounts for SNFs are based on the SNF's location within carrier locality where the current fee schedule is based on locality and based on Statewide amounts where the current fee schedule is Statewide. (Lab and DMEPOS are Statewide, and the others are locality based.)
 - Review Section II D of PM A-00-88 for special rules for set up services for portable X ray equipment, specimen collection, and travel allowances for lab and radiology.
 - Review Section III of PM A-00-88 for a description of acceptable TOBs, frequency of billing, and late charges.

6. Revised SNF Manual: The SNF manual has been revised and contains detailed instructions on fee schedule billing procedures. The manual has been distributed to providers according to your established procedures.

The SNF Manual also contains instructions on consolidated billing system edits that have not yet gone into effect. These instructions were retained because we still intend to install these edits at a future date.

Note that SNFs are still subject to the consolidated billing requirements whether or not the edits designed to identify duplicate billing have been installed. When duplicate payments are identified, they are subject to recovery.

7. Provider Help File: Information similar to the Excel files described above is on the CMS Software Control website as a help file for provider access. Separate instructions about that file will be released shortly.

8. Notification to Providers: Intermediaries are to inform SNFs of the coverage clarifications and fee schedule effective dates and fee amounts with their next regular provider update. This material should be incorporated into each FI's provider training material.

The *effective date* of this PM is services on and after January 1, 2002.

The *implementation date* of this PM is January 1, 2002.

These instructions should be implemented within your current budget.

This PM may be discarded after January 1, 2003.

The contact person for operational issues related to this PM is Cindy Murphy at 410-786-5733.

We are not reprinting the attachments. Please see attachments listed under PM A-01-94.